GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1379
ANSWERED ON:08.03.2002
STAKE OF MULTI-NATIONAL COMPANIES
GORDHANBHAI JAVIA

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have received proposals from Multi-National companies to increase their stake in Indian companies during the last year;

(b) if so, the details thereof, company-wise; and

(c) the present status of these proposals?

Answer

Minister of State in the Ministry of Finance (Balasaheb Vikhe Patil)

(a): Yes, Sir.

(b)&(c): Increase in foreign equity holding can be by way of acquisition of existing shares, or induction of fresh equity, or buyback of resident equity in accordance with Companies Act, 1956/SEBI regulations. Any proposal for transfer of existing shares from residents to non-residents has to be supported by a Board Resolution to that effect and requires prior approval of Foreign Investment Promotion Board. In the case of a listed company, the Government approval is further subjected to SEBI (Substantial Acquisition of Shares and Takeovers) Regulations. Pricing of shares has to be in conformity with RBI/SEBI norms.

Receipt and consideration of such proposals is an ongoing process. Details of cases approved by Foreign Investment Promotion Board are published in the monthly Secretariat for Industrial Assistance Newsletter, which is widely circulated, including Parliament Library.